

AUG 26 1968

Philip Morris Inc.

	1967	1966
Sales	\$904,841,000	\$771,975,000
Earnings	43,602,000	34,183,000
Advertising	48,500,000	44,000,000

Philip Morris Inc., New York, the 25th largest national advertiser, hiked its advertising 12.5% to \$49,500,000 in 1967, a record sales year.

With a 16% cigaret sales increase leading the way, PM posted total sales of \$904,841,000, up 17.2%. The company called this its biggest sales increase in the past 10 years.

Earnings rose 27.6% to \$43,602,000. The rate of increase approaches the previous year's.

The company forecast a sales increase of about 10%, with earnings up 5% to 7%, for 1968, taking into account the new surtax and increased cigaret prices. Nevertheless, 1968 first half earnings rose 15.3% to \$22,513,000 on sales of \$482,236,000, up about \$45,000,000 from first-half 1967.

The 1967 measured expenditure of \$44,436,656 was accounted for by \$40,310,500 spent in the tobacco products division, \$2,400,000 in the gum and confectionery division and the remainder in blades and toiletries.

■ PM went after a bigger share of the 100mm cigaret market with the introduction of Marlboro 100's, backed by \$4,436,000 in network tv, \$1,411,700 in magazines, \$946,900 in newspapers and \$704,100 in spot tv for a \$7,498,700 first-year measured total.

Benson & Hedges 100's continued to lead the 100mm field and accounted for the largest portion of PM measured—\$14,813,000. Of this, \$10,336,000 was in network tv and \$3,833,200 in spot tv. Marlboro filters got \$4,747,600 in network, \$2,389,700 in spot tv and \$1,757,700 in magazines for a measured total of \$8,859,000.

The company's total measured spending increase of \$3,000,000 was almost entirely in network tv, which climbed from \$23,908,800 to \$27,270,300 and included continued heavy participation in prime time CBS-TV entertainment shows and news programs such as the Jackie Gleason Show, "Mission: Impossible" and CBS News with Walter Cronkite.

Other measured categories remained about the same, with \$5,962,230 going into magazines, \$9,345,300 into spot tv and \$1,636,826 into newspapers.

■ New advertising themes of the year included "Longhorns" for Marlboro 100's to establish the new cigaret in Marlboro Country, and Parliament's tv switch from "Night People" to commercials featuring Londoners who react in various ways to the idea that the U.S. has a "parliament" too. Parliament print ads also used a British theme.

Philip Morris made a virtue of "not" advertising its couponed cigarets; Alpine Menthol and Galaxy charcoal filter, with tv commercials asserting that the brands' coupon money comes from the advertising budget rather than the tobacco budget. An announcer sets up a "typical" outdoors menthol commercial, with miniature props, then says Alpine doesn't need this kind of advertising. Picking up the props, he asks viewers to "think Alpine" whenever they see a "pretty" ad.

Adding another dimension to its coupon program, PM made a trading stamp arrangement during the year with Sperry & Hutchinson, making it possible for Alpine and Galaxy coupon savers to pick up merchandise at S&H's

800 green stamp redemption centers. The rate of exchange—green stamps for 14 Alpine or Galaxy coupons—put the PM customers about six stamps ahead of competitors' coupon-stamp exchange rates.

One of the year's sidelights was the case of "Black Label," original brand name of a "substantially different" cigaret product. The name, which was considered by many to be puzzling at a time when cigarets were becoming the center of a major health controversy, was removed when a federal court in Atlanta ruled that it infringed on the Carling's Black Label beer brand.

While anti-cigaret campaign appeared to have little effect on sales in 1967, PM devoted considerable attention to it and contributed extensively to the Council for Tobacco Research. About third of the company's annual statement to stockholders dealt with "exaggerated claims made relative to the possible adverse effects of smoking on health."

■ PM continued to put its well-oiled marketing machine to work in other areas. In September, after a brief test in Phoenix, PM went national with Speak Easy spray breath freshener. A product of PM's American Safety Razor division, Speak Easy was introduced on network tv and in magazines.

The Clark division introduced Clark's Di-et gum in three flavors and backed the entry on network tv and in magazines, stressing "New Clark's Di-et. Try it, it's a riot." The magazine ads were accompanied by coupons good for a free pack.

The Safety Razor division introduced Advanced Persona stainless steel razor blades—double edge and injector—and prepared to run network and spot tv commercials stressing the long-lasting qualities of the blade's new electrically tested coating.

PM began U.S. test marketing of Suchard chocolates through its Flavor Tree Foods division in a joint venture with the well-known Swiss chocolate maker.

■ During the year, James C. Bowling, vp-director of sales and corporate relations, Philip Morris Domestic, was promoted to group vp, a new post coordinating marketing and sales of tobacco and consumer products. Mr. Bowling was succeeded by Max L. Berkowitz, former national sales manager, PM Domestic. John T. Landry, group marketing director tobacco, was named vp-group marketing director, tobacco products, for Domestic, also a new post.

Norman J. Treisman, former brand manager for Alpine, Galaxy and Ambassador cigarets, was named brand manager for Benson & Hedges, succeeding Elkin Kaufman, who was put in charge of new tobacco products development. Mr. Treisman was succeeded on Alpine, Galaxy and Ambassador by Steven S. Korsen, former assistant manager for the three brands.

ADVERTISING EXPENDITURES

	1967	1966
Newspapers	\$ 1,636,826	\$ 1,355,876
Magazines	5,962,230	6,070,248
Business Publications	52,600	—
Spot Television	9,345,300	9,246,520
Network Television	27,270,300	23,908,800
Outdoor	169,400	870,900
Total Measured	44,436,656	41,452,339
Total Unmeasured	5,063,344	2,547,681
Estimated Total Expenditure	49,500,000	44,000,000

PHILIP MORRIS INC.

MARKETING PERSONNEL

James C. Bowling, group vp, tobacco products

Advertising

Donald S. Harris, vp, media and programming
Vincent J. Weiner, production super

Advertising Age, August 26, 1968

Sales

George J. Karnal, dir of sales operations
Max L. Berkowitz, vp sales, tobacco and allied products
J. P. Lee, national sales mgr, tobacco/gum
Peter A. Milone, natl sales mgr, blades/toiletries
Charles A. Whipple, retail sales programs mgr
David G. Mulvey, asst natl sales mgr, tobacco/gum

Managers of Sales Development

J. Dieleman, Chicago
Bree Johnson, Dallas

Regional Sales Managers

Thomas H. McCollum, Chicago
Nathan Gold, New York
Jack Gillis, Philadelphia
John T. Montgomery, Atlanta
William B. Morland, Los Angeles

TOBACCO PRODUCTS DIVISION

MARKETING PERSONNEL

John T. Landry, vp-group director marketing, tobacco
Alan H. Bick, group marketing planning mgr, tobacco
Clifford R. Wilmot, brand mgr, Marlboro, Marlboro menthol, Marlboro 100's
Lauren S. Williams, brand mgr, new products
James Morgan, brand mgr, Parliament
Norman Treisman, brand mgr, Benson & Hedges Deluxe, B&H 100's, B&H 100's menthol
Jack Gaynor, brand mgr, smoking tobacco/cigarets
Steven Korsen, brand mgr, Alpine, Galaxy
Elkin Kaufman, brand mgr, Philip Morris Regular, PM Commander, PM filter, PM menthol

ADVERTISING AGENCIES

Leo Burnett Co., Chicago—Len Matthews, exec vp; Owen Smith, vp-client services; Martin H. Snitzer, mgmt super; Marlboro; Hall Adams, acct super; John Benson and Kenn Hustel, acct execs; Philip Morris filter and PM menthol; Roy Lang, acct super; John Foote, acct exec. Parliament; Roy Lang, acct super; Richard Mincheff, acct exec. Gauloises and smoking tobacco; Hall Adams, acct super; Kenn Hustel, acct exec.

Wells, Rich, Greene, New York—Benson & Hedges—Thomas Bohan, acct super.

GUM AND CONFECTIONERY DIVISION

MARKETING PERSONNEL

John Kokoszka, brand mgr, gum and confections
Edward Harris and John Granville, product directors, gum and confections
M. A. Kraft, asst brand mgr, gum

ADVERTISING AGENCY

Leo Burnett Co., Chicago—Teaberry, Cinnamint, Sour Lemon, Peppermint, Di-et flavors.

BLADES AND TOILETRIES

MARKETING PERSONNEL

Peter Engel, group marketing director, blades and toiletries
George Kregos, product director, blades and razors
John Kiriand, asst brand mgr, men's toiletries

ADVERTISING AGENCIES

Wells, Rich, Greene, New York—all products, including those of Burma-Vita Co.—Dick Morse, mgmt super; Barry Caskey, acct exec.
Leo Burnett Co., Chicago—Lightfoot products—John Foote, acct exec.

PHILIP MORRIS INTERNATIONAL

MARKETING PERSONNEL

Hamish Maxwell, vp-marketing
Milton L. Rusk, director of marketing

ADVERTISING AGENCY

Leo Burnett Co., Chicago—John Benson, acct super.

PHILIP MORRIS INDUSTRIAL

MARKETING PERSONNEL

James Kurtzwell, president, Milprint
Robert Etter, president, Nicolet
Richardson Thurston, president, Polymer Industries

ADVERTISING AGENCY

Holtzman-Kain, Chicago—Seymour Kain, Paul Bassinger, acct supers.

1002402256